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CLASSIFICATION SECRET

CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

CD NO

COUNTRY	East Germany	DATE DISTR.	21 April 1954
SUBJECT	Transfer of SAGs Espenhain, Zeitz, and Schwarzeide to German Ownership.	NO OF PAGES	1
PLACE ACQUIRED	25X1A [REDACTED]	NO OF ENCL'S (LISTED BELOW)	
DATE OF INFO.		SUPPLEMENT TO REPORT NO.	

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- SOURCE: [REDACTED]
1. As of 1 January 1954, the former SAG plants in Espenhain, Zeitz and Schwarzeide were transferred to the administration of the Main Administration for Liquid Fuels in the Chemistry Section of the East German Ministry for Heavy Industry. The plants are now called VEB Kombinat Espenhain, VEB Hydrierwerk Zeitz and VEB Hydrierwerk Schwarzeide respectively.
 2. On 28 December 1953, the Russians sold all the production of these enterprises which was not scheduled for shipment to Russia to customers in the satellites and in East Germany. These sales covered production up to and including 31 December 1953. The sales also covered supplies of raw materials and auxiliary materials which normally have to be in stock in the plant in order to make possible uninterrupted, continuing production. As a result, the three factories were obliged to spend the first three weeks of 1954 manufacturing products for stocking purposes and procuring new raw materials and auxiliary supplies in order to have on hand the reserves required in the production plan. Only on about 20 January 1954 could normal production be started.
 3. When making the final balances prior to the transfer of the plants to German ownership, the Russians re-evaluated assets in such a way that the plants were deprived of a considerable quantity of their equipment and auxiliary supplies. As an example: the hydrogenation contacts of the Zeitz enterprise had been carried on the inventory lists as representing a value of 3,000 DME per ton. Before departing, the Russian management increased their audit value to 15,000 DME per ton. Since the permissible limit value for contacts is fixed in the Standard Plan 1/, the Russians could and did take away as many contacts as was possible in order to reduce the total value of contacts remaining in the plant to its Standard limit after the re-evaluation.
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- 1/ [REDACTED] Comment. Called "Richtsatzplan" by the Germans and "Normative" by the Russians.

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